



RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

*Simon Zewdu*

**SIMON ZEWDU**

Senior Assistant General Manager  
Power System

Aram Benyamin (Apr 4, 2024 11:02 PDT)

**ARAM BENYAMIN**

Chief Operating Officer

**MARTIN L. ADAMS**

General Manager and Chief Engineer

**DATE:** March 28, 2024

**SUBJECT:** Contract No. 480 for Services for Overhead Distribution Facilities with Petrelli Electric, Inc.

**SUMMARY**

The proposed Contract No. 480 (Contract) is to purchase services for overhead distribution facilities, for a term of one year with two one-year optional renewal periods. The total estimated expenditure is \$134,558,399 and for an amount not to exceed \$168,197,999 (budgeted). The Contract is a result of a competitive bid process.

In accordance with California General Order (GO) No. 165, LADWP is required to perform routine inspections of our overhead power system and in accordance with GO No. 95, take corrective action to remedy the hazards. The required repairs are tracked in LADWP's Work Management Information System as work requests (Fix-it Tickets). This Contract provides additional crews to supplement existing LADWP and contract crews. The crews furnished under this Contract will address the incoming Fix-it Tickets that result from LADWP's inspection program while also reducing the existing backlog.

City Council approval is not required.

## **RECOMMENDATION**

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing award of the Contract to Petrelli Electric Inc. (Petrelli), the lowest bidder.

## **ALTERNATIVES CONSIDERED**

The alternatives considered included relying on LADWP crews and existing contract crews. However, while LADWP is continuously pursuing the increase of staffing that performs this work, current staffing levels for these positions are insufficient to accomplish the volume of work and required timeframes associated with Fix-it Tickets. Additionally, existing contract crews are required to address the proactive replacements associated with Power System Reliability Program (PSRP) annual targets. Therefore, this Contract is required to ensure sufficient staffing to address the volume of incoming Fix-it Tickets and to meet the required timeframes as specified in GO No. 95.

## **FINANCIAL INFORMATION**

The Contract is for a term of one year with two one-year optional renewal periods and is budgeted.

	<u>Minimum Expenditure</u>	<u>Estimated Expenditure</u>	<u>Maximum Expenditure</u>
Original Contractual Period	\$10,864,398	\$43,457,592	\$54,321,990
First Optional Period	\$0	\$45,011,474	\$56,264,342
Second Optional Period	\$0	\$46,089,333	\$57,611,667
Contract Total	<u>\$10,864,398</u>	<u>\$134,558,399</u>	<u>\$168,197,999</u>

LADWP agrees to a minimum expenditure of 25 percent and a maximum expenditure of 125 percent of the estimated expenditure. The maximum expenditure will not exceed \$168,197,999.

The total quotation of \$134,558,399 is approximately 24 percent lower than LADWP's estimated cost of \$177,130,884. LADWP's cost estimate was based on the current contract's prices with an escalation factor to account for inflation and market uncertainty. The variance is attributed to competition and a slowdown in inflation.

## **BACKGROUND**

In accordance with California GO No. 165, LADWP is required to perform routine inspections of our overhead power system. As a result, LADWP has an inspection program that performs a visual patrol of all poles on an annual basis, a detailed inspection on all poles every three years, and finally, performs an intrusive pole inspection that confirms the integrity of all poles every ten years. As these inspections are completed, Fix-it Tickets are created for any required corrective actions and are

prioritized based on the levels defined in GO No. 95. The GO No. 95 levels range from level one to level three, with sub-levels within level 2 to provide additional granularity. The levels have time frames associated with them that indicate when they must be addressed that range from 24 hours for corrective actions categorized as immediate risk (level one); 6-36 months, depending on location and assessed risk, for corrective actions categorized as moderate risk (level 2); and 60 months for corrective actions categorized as low potential impact (level 3).

Due to the volume of approximately 410,000 overhead inspections that are performed on an annual basis, there is a significant number of new Fix-it Tickets that continue to be created. The Power System Quarterly and Year-End Annual Report on Distribution Line Pole Inspection and Maintenance is a report provided to the Board on a quarterly basis and indicates that there was a total of 101,647 outstanding Fix-it Tickets as of January 1, 2024.

In addition to the work that is performed resulting from Fix-it Tickets, LADWP performs proactive replacements of deteriorated poles, crossarms, and transformers as part of the PSRP. The PSRP is a combination of mitigation efforts to curtail specific circuit and station outages, proactive capital and maintenance programs, and replacement of infrastructure in alignment with the life cycle of the equipment. The PSRP annual replacement targets related to the overhead power system are currently set at 12,600 cross arms, 3,700 poles, and 55 transformers.

Contract No. 480 is required to furnish up to 20 additional dedicated crews on an as-needed basis to resolve Fix-it Tickets, while both LADWP crews and existing contract crews furnished under separate contracts focus on proactive replacements associated with PSRP targets.

Petrelli has performed satisfactorily on previous contracts.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the award of a contract to provide services for overhead distribution facilities is not an action subject to CEQA.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

## **ATTACHMENTS**

- Procurement Summary
- Resolution

## PROCUREMENT SUMMARY

1.	Recommended Vendor: Petrelli Electric Inc. (Petrelli)
2.	Procurement Type: Invitation for Bid (IFB)
3.	Procurement Details: A. Contract Status: Replacement B. Bid Advertisement Date: December 14, 2023 C. Pre-Bid Conference Date: December 21, 2023 D. Bid/Proposal Due Date: January 31, 2024 E. Number of Downloads of Solicitation: 24 (23 primes, 1 subcontractor) F. Number of Bids/Proposals Received: 8 G. Protest Received: No
4.	Buyer Assigned: Daisy Curaming
5.	Contract Administrator: William Lewis
6.	LADWP System/Division: Power System/Power Transmission and Distribution
7.	Contact Person for Item: Daniel Baker

\*Note: Downloads do not necessarily accurately reflect unique vendor interests as multiple individuals in an organization can download solicitations.

### A. Summary of Bids Received

Term	Petrelli	Edison Power Constructors, Inc.	Parkia, Inc.
Original Period	\$ 43,457,592	\$ 44,740,359	\$ 47,705,587
1 <sup>st</sup> Optional Period	\$ 45,011,473	\$ 46,012,724	\$ 49,162,501
2 <sup>nd</sup> Optional Period	\$ 46,089,333	\$ 47,322,310	\$ 50,667,315
Total of Bid Amount	\$134,558,399	\$138,075,393	\$147,535,402
Less Cash Term Discount (if applicable)	-	-	-
Less LBPP (if applicable)	\$ 1,000,000*	\$ 1,000,000*	-
Total Evaluated Amount	\$133,558,399	\$137,075,393	\$147,535,402

Term	PAR Western Line Contractors, LLC	Diversified Utility Services	EC Source Services, LLC (T&D Power, Inc.)
Original Period	\$ 48,757,792	\$ 49,634,790	\$ 52,454,871
1 <sup>st</sup> Optional Period	\$ 50,215,276	\$ 51,118,583	\$ 54,284,680
2 <sup>nd</sup> Optional Period	\$ 51,716,488	\$ 52,646,899	\$ 55,907,974
Total of Bid Amount	\$150,689,556	\$153,400,272	\$162,647,525
Less Discount (if applicable)	-	-	-
Less LBPP (if applicable)	-	-	-
Total Evaluated Amount	\$150,689,556	\$153,400,272	\$162,647,525

Term	Henkels & McCoy, Inc.	Intren West LLC
Original Period	\$ 53,284,709	\$ 54,842,361
1 <sup>st</sup> Optional Period	\$ 55,062,435	\$ 56,930,731
2 <sup>nd</sup> Optional Period	\$ 56,765,401	\$ 58,628,156
Total of Bid Amount	\$165,112,545	\$170,401,249
Less Discount (if applicable)	-	
Less LBPP (if applicable)	\$ 1,000,000*	
Total Evaluated Amount	\$164,112,545	\$170,401,249

\*LBPP applied is the maximum cap of \$1M

## B. Evaluation of Bid

LADWP received a total of eight bids. Petrelli submitted the lowest bid.

Prices submitted under Bid No.480 have been determined to be fair and reasonable based on a competitive bid process.

## C. Procurement History

Service/Item History – Number of Times Item or Service has been Procured					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Contract Amount
286	Alvah Contracting LLC	One Year with Two Optional One-Year Renewal Periods	4/20/23	4/19/26	\$154,931,296
290	Parkia, Inc.	One Year with Two Optional One-Year Renewal Periods	4/10/23	4/10/26	\$159,061,695
2883	Petrelli Electric, Inc.	One Year	5/5/23	5/4/24	\$50,000,000
881	Edison Power Constructors	One Year with Four Optional One-Year Renewal Periods	3/9/18	3/8/23	\$347,700,869
863	Petrelli Electric, Inc.	One Year with Four Optional One-Year Renewal Periods	12/29/17	12/28/22	\$247,338,704
532	Edison Power Constructors	One Year with Two Optional One-Year Renewal Periods	3/23/15	3/22/18	\$92,564,608
540	Petrelli Electric, Inc.	One Year with Two Optional One-Year Renewal Periods	12/29/14	12/28/17	\$104,544,474
105	Asplundh Construction	Three Years	12/11/09	12/10/12	\$57,544,624

Vendor Experience – Number of Contracts Vendor had with LADWP During the Past 5 Years					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
2883	Petrelli Electric, Inc.	One Year	5/05/23	5/4/24	\$50,000,000
863	Petrelli Electric, Inc.	One Year with Four Optional One-Year Renewal Periods	12/29/17	12/28/22	\$247,338,704

#### D. Local Business Preference Program (LBPP)

The LBPP was included in this Bid. Petrelli, Edison Power Constructors, Inc., and Henkels & McCoy, Inc. are certified local businesses. However, LBPP was not a determining factor in the evaluation and recommendation of award for this Contract.

#### E. Additional Outreach Efforts Taken

In addition to the original bid list, the following outreach efforts were taken:

- The IFB was posted on the City of Los Angeles Regional Alliance Marketplace for Procurement website.
- The IFB was electronically advertised in eRSP for direct download.
- A pre-bid conference was held on December 21, 2023.

#### F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Participation

The minimum mandatory SBE/DVBE participation requirement set for this Contract was 20 percent. Petrelli committed to an overall SBE/DVBE participation of 20 percent.

Petrelli is a certified WBE firm.

SBE PARTICIPATION			
Name	Description of Work	Dollar Amount	%
Askari Security Services, Inc.	Security Guards and Patrol Services	\$4,204,950	2.50%
EG Montanez Construction, Inc. (DVBE)	Crane Rental with Operator	\$8,409,900	5.00%
Growth Development Marketing, Inc. (DVBE, MBE)	Construction, Mining and Forestry Machinery, and Equipment Rental and Leasing	\$8,409,900	5.00%
Pinnacle Petroleum, Inc. (WBE)	Petroleum and Petroleum Products Merchant Wholesalers	\$4,204,950	2.50%
SBE Total:		\$25,229,700	15.00%

DVBE PARTICIPATION			
Name	Description of Work	Dollar Amount	%
Growth Development Marketing, Inc.	Other Commercial and Industrial Machinery and Equipment Rental and Leasing	\$8,409,900	5.00%
DVBE Total:		\$8,409,900	5.00%